
MEMORANDUM

TO: TRIBAL COUNCIL
FROM: MIKE SCANLON
SUBJECT: CAMPAIGN UPDATE
DATE: APRIL 24, 2003

Per our original strategy agreement, I would like to provide you with this campaign update from the "front." As you know, we continue to not only utilize a number of political tactics designed to maintain pressure on the Governor, but also our negotiation team has reached its full speed and is working directly with the Governor's negotiators.

Mobilization

As part of your mobilization effort (the fourth phase of the step-wise campaign), we have implemented a number of additional tactics since our last update including a media campaign designed to generate new support as well as demonstrate your current political might. We have continued to work on the ground in your local region to generate even more examples of support from local leaders both from the business community and from local elected officials. Furthermore, we continue to generate tremendous support for your position from citizens all around the state of California as part of your direct mail campaign.

As you know, your campaign was an extensive and complex political plan to organize and ultimately mobilize individuals around the state of California to express their support for the Tribe's position on the compact renegotiations. The organization and research allows us to provide the Governor with political cover, freeing him to negotiate a favorable compact, or to move him politically to a position more in line with your own. All of our efforts in the first three steps were designed to build and develop that "army" of supporters. However, it is the final phase where the rubber meets the road. As you may recall, we have previously updated you on a number of tactics that we have used to mobilize your supporters. We continue to advance many of those tactics while employing new ones.

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The opinion-maker letter writing campaign continues in full force. Attached to this update are several more letters from influential members of your business and government community. You will recall that opinion-makers in your region and members of the Governor's own political family are vital to the success of this or any political campaign. These members of your community either carry tremendous influence with the Governor or have constituencies of their own in the local community. Either way, their opinions matter greatly to Governor Davis.

Additionally, we continue to collect tremendous numbers of responses to your direct mail piece. The Governor will not be able to ignore 3000 voters throughout the state who care enough to send him correspondence in your favor. We have prepared copies of all of the responses and will send them directly to you next week.

Most recently, we have executed a media campaign in your local region. As you know, you approved two media buys, one in the *Desert Sun* the other on local radio. The print advertisement ran last Thursday, April 17 on page A-12 of the main news section. The advertisement, while firm and pointed, was also positive and will stand in stark contrast to a number of tactics used by other tribes throughout the state.

The same is true for the radio campaign that we are currently employing. As we speak, your approved radio advertisement is running throughout the Coachella Valley thanking the Governor for agreeing to renegotiate the compact and for encouraging the growth of jobs in the area. The advertisement is being run for two weeks and will be heard by one-third of the adult market in the Palm Springs area. It is safe to say, that your supporters will be well aware of your effort to renegotiate your compact.

Negotiations

Our negotiating team met officially with the Governor's negotiators this week. While the meeting was largely informational and ceremonial, it was quite productive. We accomplished a very important step of officially reiterating the Tribe's position to remove the limit on the number of slots and on the number of facilities, and increasing the duration of the compact. In addition, we were clear, and the negotiators readily acknowledged, that the Agua Caliente are a unique Tribe and one that will require specific attention. At this point in the process, we believe that that response is a very positive sign for the Tribe.

The negotiators were clear about several concerns they and the Governor have about the compact. Obviously, their number one concern is environmental. However, at this point the negotiators provided only anecdotal dialogue with regard to environmental concerns. Additionally, they are most concerned with the relationships between tribal governments and local authorities. We assured them that the Agua Caliente have had an exemplary relationship with its local governments and pointed to your long-standing contract with the city of Palm Springs and the County of Riverside. We believe this kind of working relationship will not only go a long way to placating the concerns of the Governor and his

team, but also may provide a model for reaching an agreement on the broader environmental issues.

A second concern that the Governor's team highlighted was the labor issue. While we believe that the issue will not be formally addressed in these negotiations (the Governor has no right to open this provision), we are aware of the concerns he has and the practical impact of those concerns on achieving the best possible compact for you. The negotiators did mention their general feeling that the "Tribes are behaving in a pre-1920s manner," and addressed their concerns about barring labor from organizing. They were more specific with regard to workers compensation and an apparent lack of coverage by some Tribes in the state. While they made no mention of the labor concerns with regard to the Agua Caliente, it is certainly something that our team will continue to monitor and will work closely with your staff to be sure that the team is armed with an adequate defense if specific claims are made against the Agua Caliente.

Of particular interest to our team are the attacks levied by the Hotel Employees and Restaurant Employees International Union (H.E.R.E.) in the Palm Springs area. We are aware of the Tribe's upcoming response to those attacks and believe that positive public relations campaign will be very beneficial to your negotiations in Sacramento. We have met and been in contact with your new labor relations team and will maintain regular communication with them to maintain the highest possible awareness and sensitivity to the labor issue at it pertains to your compact renegotiation.

Finally, and this has been apparent to everyone, the issue of money will be paramount, and one that is certainly driving the Governor's agenda. The Governor committed a rather large blunder by publicly acknowledging his unrealistic desire to raise \$1.5 billion from California Tribes, but he will most certainly want to generate some amount of revenue from this process. Furthermore, his desire to demonstrate that at least one new compact can be renegotiated will help to keep the Governor moving forward quickly, and hopefully, toward a favorable outcome. However, a large number of questions remain unanswered, and we are at a point now where they must be addressed. I hope that we can discuss many of these in a brief conference call that is scheduled for 11 AM Pacific time today. I have outlined a few of these questions below.

- How many more slots could the Tribe effectively use (without a new facility)?
- At what cost?
- Over what timeframe?
- How many more facilities could the tribe effectively use?
- At what cost?
- Over what timeframe?

Our team has already begun working with Max Ross to begin to address some of these and other issues. We will continue to work with your staff to be sure that the negotiating team is apprised of all possible scenarios.

An additional note, we have decided to hire Phil Recht of the law firm Mayer, Brown, Rowe and Maw. We understand that the Tribal Council may have some familiarity with Mr. Recht and his work on the last compact. We believe that he will be a valuable component and member of our team not only because we believe that he brings a unique perspective to the negotiations, but also because of his (and some of his colleagues') relationships in Sacramento.

We look forward to providing a more detailed report on our conference call today. As always, if you should have any questions or concerns, please do not hesitate to contact me or Chris Cathcart at [REDACTED]

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